

**TOWN OF SEILING, OKLAHOMA  
SEILING, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**TOWN OF SEILING, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2022**

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# TOWN OF SEILING, OKLAHOMA

## LIST OF PRINCIPAL OFFICIALS

### TOWN COUNCIL

Mickey Louthan, Mayor

Michael Nichols, Vice-Mayor

Colby Sander

Amy Biggs

Bandon McCurley

### TOWN MANAGER

Skyler Sander

### TOWN TREASURER AND CLERK

Shara Feuerborn

## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Seiling, Oklahoma

### Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seiling, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Seiling, Oklahoma's basic financial statements as listed in the table of contents.

#### Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Governmental Fund — General Fund	Unmodified
Seiling Public Works Authority	Unmodified
Seiling Economic Development Authority	Unmodified

#### *Adverse Opinion on Aggregate Discretely Presented Component Units*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Town of Seiling, Oklahoma, as of June 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund, and Aggregate Remaining Fund Information*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Seiling, Oklahoma, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Seiling, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

### *Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units*

The financial statements do not include financial data for the Town of Seiling, Oklahoma's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Town's primary government unless the Town of Seiling, Oklahoma also issues financial statements for the financial reporting entity that include the financial data for its component units. The Town of Seiling, Oklahoma has not issued such reporting entity financial statements. The effects of not including the Town of Seiling, Oklahoma's legally separate component units on the aggregate discretely presented component have not been determined.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Seiling, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Seiling, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Seiling, Oklahoma's ability to continue as a going concern for a reasonable period of time.

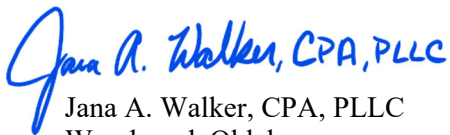
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and net pension schedules on pages 4-11, 37 and 38-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the Town of Seiling, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Seiling, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Seiling, Oklahoma's internal control over financial reporting and compliance.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 10, 2023

Our discussion and analysis of the Town of Seiling's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. This discussion focuses on the Town's primary government, and unless otherwise noted, component units reported separately from the primary government are not included. Please read it in conjunction with the Town's financial statements, which follow this section.

### ***Financial Summary***

- The Town's assets exceeded its liabilities by \$7,202,076 (net position) for the fiscal year 2022. This compared to the previous year when assets exceeded liabilities by \$6,400,837.
- Total liabilities of the Town decrease from \$2,954,725 to \$2,714,929. The decrease is attributable to a decrease in the Town's pension obligations combined with regular payments made on outstanding debt.
- Total net position is comprised of the following
  - Net investment in capital assets of \$3,796,671 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - Restricted net position of \$502,778 mainly represents the portion related to bond reserve accounts and meter deposit restrictions.
  - Unrestricted net position of \$2,902,627 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$2,041,114 this year, which is an increase of \$471,336 or 30% over prior year's ending fund balance of \$1,569,748.

### ***Overview of the Financial Statements***

This discussion and analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

### ***Government-wide Financial Statements***

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the statement of net position. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the statement of activities, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions of the revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general governments, public safety, public services, and culture and

recreation. Business-type activities include gas utilities, water utilities, solid waste management, and wastewater utilities.

The Town's financial reporting entity includes the funds and blended organizations of the Town (primary government) and organizations for which the Town is accountable (component units). Most of these legally separate organizations operate like Town departments, serve as financing vehicles for Town services, or are governed by a Board of Trustees wholly comprised of the Town's Mayor and Council. These organizations are blended into the primary government for financial reporting purposes. The Seiling Public Works Authority is a blended organization.

Other organizations operating more independently or provide services directly to the citizens through the Town remains accountable for their activities. These organizations, which include the Seiling Municipal Hospital, the Seiling Housing Authority, and the Seiling Nursing Facility Authority, are excluded from the primary government. A schedule at the close of this discussion and analysis lists the Town's component units.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

#### Governmental funds

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with the fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating accrual financing requirements of the governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the General Fund and the major special revenue fund. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget.

#### Proprietary funds

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as gas utilities.

Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds and individual component units.



## Notes to the financial statements

The accompanying notes to the financial statements provide information essential to gain a full understanding of the government-wide and fund financial statements. The notes of the financial statements begin immediately following the basic financial statements.

## Other information

Major funds and component units are reported in the basic financial statements as discussed.

## Financial Analysis of the Town as a Whole

Changes in net position may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net position at June 30, 2022 was \$7,202,076.

	Summary of Net Position							
	Governmental		Business-Type		Total		\$ Change	% Change
	2022	2021	2022	2021	2022	2021		
Current assets	\$ 2,011,833	\$ 1,531,177	\$ 876,816	\$ 839,661	\$ 2,888,649	\$ 2,370,838	\$ 517,811	22%
Restricted assets	138,530	101,372	438,448	428,115	576,978	529,487	47,491	9%
Pension asset	600,876	335,056	-	-	600,876	335,056	265,820	79%
Capital assets, net	2,250,868	2,247,047	3,855,803	3,952,469	6,106,671	6,199,516	(92,845)	-1%
<b>Total assets</b>	<b>\$ 5,002,107</b>	<b>\$ 4,214,652</b>	<b>\$ 5,171,067</b>	<b>\$ 5,220,245</b>	<b>\$ 10,173,174</b>	<b>\$ 9,434,897</b>	<b>\$ 738,277</b>	<b>8%</b>
Deferred outflow	49,950	84,718	-	-	49,950	84,718	(34,768)	-41%
Current liabilities	\$ 109,249	\$ 196,134	\$ 190,549	\$ 184,258	\$ 299,798	\$ 380,392	\$ (80,594)	-21%
Non-current liabilities	22,589	75,660	2,392,542	2,498,674	2,415,131	2,574,334	(159,203)	-6%
<b>Total liabilities</b>	<b>131,838</b>	<b>271,794</b>	<b>2,583,091</b>	<b>2,682,932</b>	<b>2,714,929</b>	<b>2,954,726</b>	<b>(239,797)</b>	<b>-8%</b>
Deferred inflow	306,119	164,052	-	-	306,119	164,052	142,067	87%
Net Position								
Net investment in capital assets	2,250,868	2,113,714	1,545,803	1,557,469	3,796,671	3,671,183	125,488	3%
Restricted	138,530	101,372	364,248	355,135	502,778	456,507	46,271	10%
Unrestricted	2,224,702	1,648,438	677,925	624,709	2,902,627	2,273,147	629,480	28%
<b>Total net position</b>	<b>\$ 4,614,100</b>	<b>\$ 3,863,524</b>	<b>\$ 2,587,976</b>	<b>\$ 2,537,313</b>	<b>\$ 7,202,076</b>	<b>\$ 6,400,837</b>	<b>\$ 801,239</b>	<b>13%</b>

The Town reported positive balances in total net position for both governmental and business-type activities. Total assets noted a 8% increase when compared to prior year. The most significant change was in the increase in current assets, specifically liquid assets, as a result of operations for the fiscal year. Additionally, the pension assets increased \$266 thousand or 79% when compared to prior year. The pension asset is calculated by a third-party actuary related to the Oklahoma Municipal Retirement Fund which the majority of full-time employees participate in. The deferred outflows are related to the Town's pension obligations and are calculated by an actuary provided by the respective pension plan.

Total liabilities decreased 8% or \$239 thousand dollars when compared to prior year due to a decrease in pension liabilities and payments on long-term debt.

The Town's overall financial position improved 13% during fiscal year 2022.

**TOWN OF SEILING, OKLAHOMA**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**JUNE 30, 2022**

Summary of Changes in Net Position								
	Governmental Activities		Business-type Activities		Total		\$ Change	% Change
	2022	2021	2022	2021	2022	2021		
<b>Revenues</b>								
Program revenues	\$ 187,110	\$ 169,767	\$ 1,090,732	\$ 1,517,894	\$ 1,277,842	\$ 1,687,661	\$ (409,819)	-24%
Taxes and other general revenues	1,997,365	1,274,734	17,615	43,907	2,014,980	1,318,641	696,339	53%
<b>Total revenues</b>	<b>2,184,475</b>	<b>1,444,501</b>	<b>1,108,347</b>	<b>1,561,801</b>	<b>3,292,822</b>	<b>3,006,302</b>	<b>286,520</b>	<b>10%</b>
<b>Expenses</b>								
General government	341,886	309,083	-	-	341,886	309,083	32,803	11%
Public safety and judiciary	106,939	100,145	-	-	106,939	100,145	6,794	7%
Transportation	126,359	114,121	-	-	126,359	114,121	12,238	11%
Cultural, parks, and recreation	124,513	123,552	-	-	124,513	123,552	961	1%
Public service	21,835	-	-	-	21,835	-	21,835	100%
Gas	-	-	194,624	386,068	194,624	386,068	(191,444)	-50%
Water	-	-	433,664	435,215	433,664	435,215	(1,551)	0%
Sewer	-	-	117,043	116,434	117,043	116,434	609	1%
Sanitation	-	-	204,546	170,731	204,546	170,731	33,815	20%
Economic development	-	-	12,539	968	12,539	968	11,571	100%
Customer service	-	-	108,568	88,751	108,568	88,751	19,817	22%
<b>Total expenses</b>	<b>721,532</b>	<b>646,901</b>	<b>1,070,984</b>	<b>1,198,167</b>	<b>1,792,516</b>	<b>1,845,068</b>	<b>(52,552)</b>	<b>-3%</b>
Transfers	(13,300)	10,988	13,300	(10,988)	-	-	-	
Transfers to component units	(699,067)	(495,128)	-	-	(699,067)	(495,128)	(203,939)	41%
<b>Increase (decrease) in net position</b>	<b>\$ 750,576</b>	<b>\$ 313,460</b>	<b>\$ 50,663</b>	<b>\$ 352,646</b>	<b>\$ 801,239</b>	<b>\$ 666,106</b>	<b>\$ 135,133</b>	<b>20%</b>

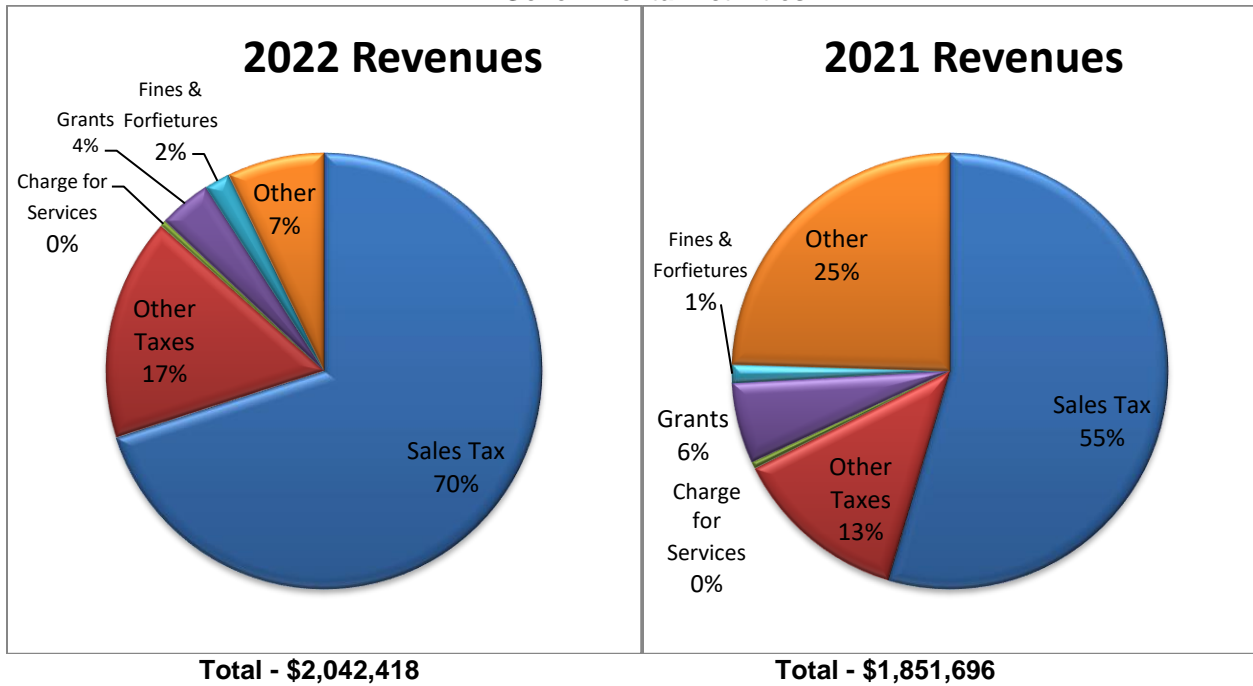
Total revenues increased 10% or \$287 thousand dollars in fiscal year 2022. Taxes and other general revenues increased \$696 thousand dollars mainly due to an increase in sales tax collections during the fiscal year. Use tax also noted a boost over prior year.

Operating expenses decreased 3% or \$53 thousand when compared to prior year. Gas cost declined dramatically from the high costs recorded in fiscal year 2021 from the winter storm impacting the entire state of Oklahoma.

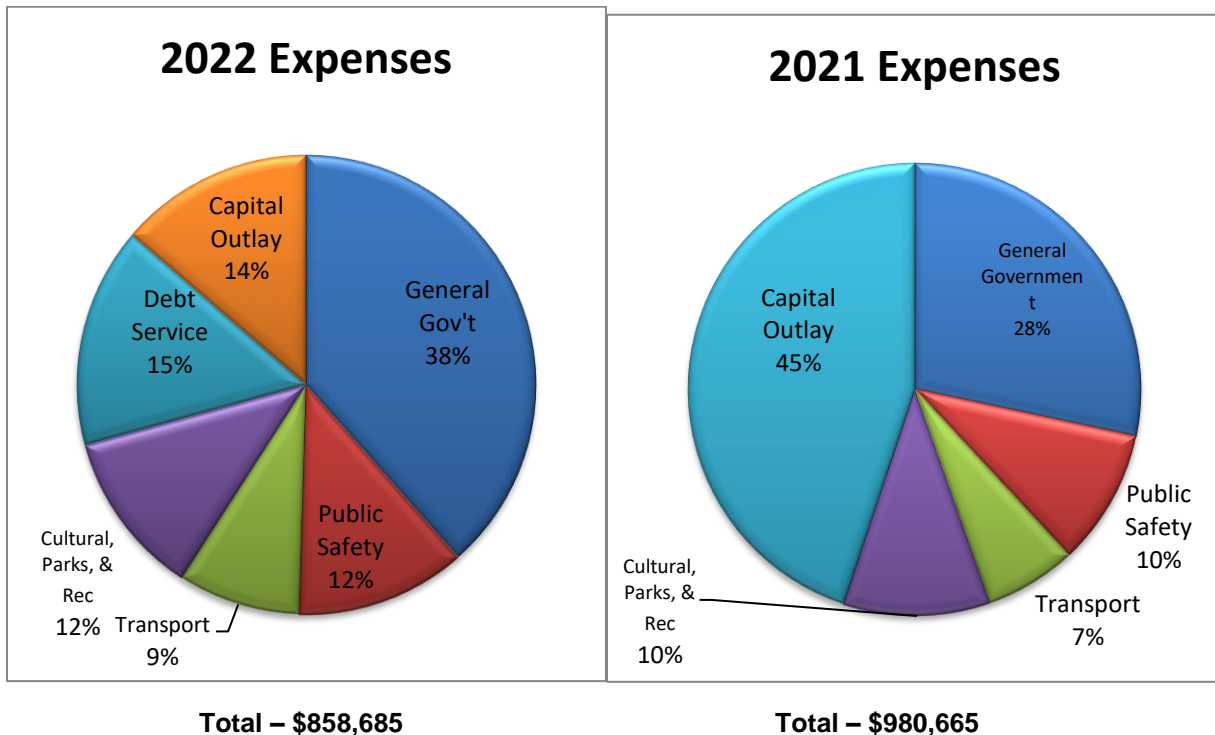
Governmental and business-type activities reported a \$751 thousand and \$51 thousand increase, respectively, in net position.

Graphic presentations of the Summary of Changes in Net position follow to assist in the analysis of the Town's activities for fiscal year 2022 and 2021.

**Governmental Activities**



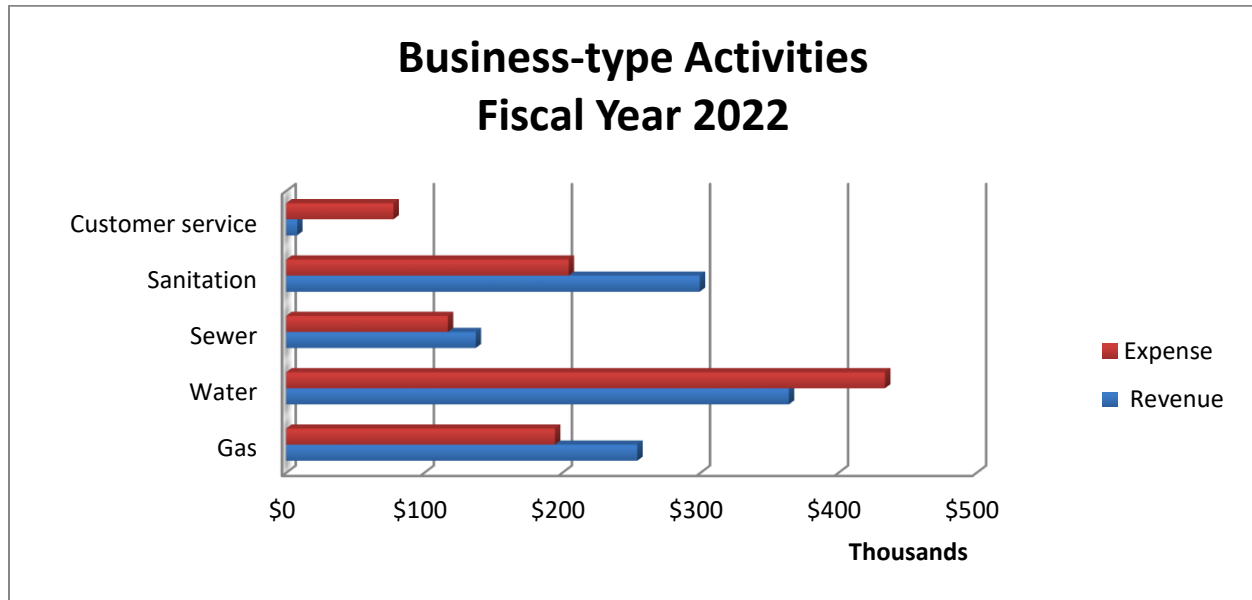
In fiscal year 2022, sales tax revenues contributed 70% of the funding for the Town compared to 55% in prior year. Sales tax collections for the Town were very strong in fiscal year 2022. This increase in sales tax shifted all other sources of revenue for the fiscal year.



Overall governmental expenses decreased during fiscal year 2022 due to a decrease in capital outlay purchases, which resulted in a shift in overall allocation of expenses. General government expenses were

the largest use of funds for the Town. In fiscal year 2022 for general government, the Town spent \$330,697 compared to \$277,850 in 2021. Capital outlay expenses of \$117,615 included land, IT improvements, siren repairs, and zoning maps.

### **Business-type Activities**



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, Sewer, Water, and Gas activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with no user charges.

### ***Financial Analysis of the Town's Funds***

#### **Governmental funds**

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balance of \$2,041,114, of which \$1,940,540 is considered unassigned indicating availability for ongoing operations of the Town.

#### ***General Fund Budgetary Highlights***

The original adopted General Fund budget for fiscal year 2022 was \$852,235 compared to \$672,549 in prior year. The budget was amended during the year, increasing \$72,095 to \$924,330. During the year, the Town spent \$858,685 which is \$65,645 or 7.1% under budgeted amounts.

The General Fund budget complied with financial policies approved by the Town.

**Capital Asset and Debt Administration**

**Capital Assets**

The Town's net investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2022 was \$2,250,868 and \$3,855,803, respectively. Major capital asset additions for the Town include:

- Land in the park department
- Standpipe water tower and work on the industrial park water and sewer, phase 1

**Primary Government Capital Assets (net of accumulated depreciation)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Land	\$ 1,281,402	\$ 1,218,707	\$ 54,608	\$ 54,608	\$ 1,336,010	\$ 1,273,315
Construction in process	-	-	119,065	-	119,065	-
Buildings	361,899	257,160	-	-	361,899	257,160
Machinery & equipment	119,013	130,928	62,598	85,936	181,611	216,864
Utility property & improvements	488,554	640,252	3,619,532	3,811,925	4,108,086	4,452,177
<b>Totals</b>	<b>\$ 2,250,868</b>	<b>\$ 2,247,047</b>	<b>\$ 3,855,803</b>	<b>\$ 3,952,469</b>	<b>\$ 6,106,671</b>	<b>\$ 6,199,516</b>

**Long-Term Debt**

At the end of the fiscal year, the Town had \$2,415,131 in long-term obligations outstanding. The Town's changes in long-term debt by type of debt are as follows:

**Primary Government Long-Term Liabilities**

	<b>2022</b>	<b>2021</b>
Pension Obligation	\$ 22,589	\$ 75,660
Unamortized bond premium	172,542	183,674
Notes payable	-	133,333
Revenue bonds	2,310,000	2,395,000
<b>subtotal</b>	<b>2,505,131</b>	<b>2,787,667</b>
less current portion	(90,000)	(213,333)
<b>Total long term liabilities</b>	<b>\$ 2,415,131</b>	<b>\$ 2,574,334</b>

## **ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES**

### Economic Environment

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2022 Summer Update "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

### Fiscal Year 2023 Planning

The Town has approved a budget for the municipal entity that encompasses the current market. The Town will further focus on priorities established by the elected officials, specifically maintaining a cash reserve and consideration of future capital improvements. Management is committed to provide a consistent level of service to citizens while improving the infrastructure and recreation opportunities of the community within the current constraints. For a copy of the most recent budget, please contact Town Hall.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Financial statements separately issues for the Seiling Municipal Hospital may be obtained at the Clerk's office. If you have questions about this report or need additional financial information, contact the Town Hall at PO Box 1043, Seiling, Oklahoma, 73663 or phone at (580) 922-4460.

**Town of Seiling, Oklahoma**  
**Statement of Net Position**  
**June 30, 2022**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current Assets:			
Cash and cash equivalents	\$ 716,106	\$ 657,180	\$ 1,373,286
Investments, including time deposits	1,099,208	148,279	1,247,487
Accounts receivable (net)	189,135	71,357	260,492
Other assets	7,384	-	7,384
Total current assets	<u>2,011,833</u>	<u>876,816</u>	<u>2,888,649</u>
Restricted assets:			
Cash and cash equivalents	130,717	394,454	525,171
Investments, including time deposits	7,813	43,994	51,807
Total restricted assets	<u>138,530</u>	<u>438,448</u>	<u>576,978</u>
Noncurrent Assets:			
Pension asset	600,876	-	600,876
Land and construction in progress	1,281,402	173,673	1,455,075
Other capital assets (net of accumulated depreciation)	969,466	3,682,130	4,651,596
Total noncurrent assets	<u>2,851,744</u>	<u>3,855,803</u>	<u>6,707,547</u>
Total assets	<u>\$ 5,002,107</u>	<u>\$ 5,171,067</u>	<u>\$ 10,173,174</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>49,950</u>	<u>-</u>	<u>49,950</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 51,402	\$ 16,024	\$ 67,426
Salary and benefits payable	29,473	9,885	39,358
Sales tax payable	445	470	915
Due to other funds	27,929	(27,929)	-
Bonds payable, current	-	90,000	90,000
Total current liabilities	<u>109,249</u>	<u>88,450</u>	<u>197,699</u>
Liabilities payable from restricted assets:			
Accrued interest payable	-	27,899	27,899
Customer deposits payable	-	74,200	74,200
Total liabilities payable from restricted assets	<u>-</u>	<u>102,099</u>	<u>102,099</u>
Noncurrent liabilities:			
Unamortized bond premium	-	172,542	172,542
Pension liability	22,589	-	22,589
Bonds payable, non-current	-	2,220,000	2,220,000
Total noncurrent liabilities	<u>22,589</u>	<u>2,392,542</u>	<u>2,415,131</u>
Total liabilities	<u>131,838</u>	<u>2,583,091</u>	<u>2,714,929</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>306,119</u>	<u>-</u>	<u>306,119</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,250,868	1,545,803	3,796,671
Restricted	138,530	364,248	502,778
Unrestricted	2,224,702	677,925	2,902,627
Total net position	<u>\$ 4,614,100</u>	<u>\$ 2,587,976</u>	<u>\$ 7,202,076</u>

**Town of Seiling, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government:					
General government	\$ 198,935	\$ 2,542	\$ 104,765	\$ -	\$ (91,628)
Clerk	142,951	-	-	-	(142,951)
Total general government	341,886	2,542	104,765	-	(234,579)
Public safety and judiciary:					
Police	76,069	38,493	30	-	(37,546)
Fire	30,491	-	4,858	-	(25,633)
Animal control	373	-	-	-	(373)
Code enforcement	6	-	-	-	(6)
Total public safety and judiciary	106,939	38,493	4,888	-	(63,558)
Transportation:					
Street	125,515	-	8,220	-	(117,295)
Airport	844	-	-	-	(844)
Total transportation	126,359	-	8,220	-	(118,139)
Cultural, parks and recreation:					
Library	5,459	-	-	-	(5,459)
Park	72,998	-	-	-	(72,998)
Community building	10,905	4,925	-	-	(5,980)
Swimming Pool	35,151	9,338	-	-	(25,813)
Total cultural, parks and recreation	124,513	14,263	-	-	(110,250)
Public Service:					
Tourism	-	-	13,939	-	13,939
Hospital	21,835	-	-	-	(21,835)
Total public service	21,835	-	13,939	-	(7,896)
Total governmental activities	\$ 721,532	\$ 55,298	\$ 131,812	\$ -	\$ (534,422)
Business-type activities:					
Utility services:					
Gas	\$ 194,624	\$ 254,221	\$ -	\$ -	\$ 59,597
Water	433,664	363,998	-	-	(69,666)
Sewer	117,043	137,234	-	-	20,191
Sanitation	204,546	299,481	-	-	94,935
Economic development	12,539	27,853	-	-	15,314
Customer service	108,568	7,945	-	-	(100,623)
Total business-type activities	1,070,984	1,090,732	-	-	19,748
<b>Total primary government</b>	<b>\$ 1,792,516</b>	<b>\$ 1,146,030</b>	<b>\$ 131,812</b>	<b>\$ -</b>	<b>\$ (514,674)</b>



**Town of Seiling, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2022**

**Changes in Net Assets:**

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (534,422)	\$ 19,748	\$ (514,674)
General revenues:			
Taxes:			
Sales tax	1,430,753	-	1,430,753
Use tax	194,593	-	194,593
Franchise taxes	45,780	-	45,780
Alcoholic beverage tax	63,711	-	63,711
Cigarette tax	11,170	-	11,170
Investment income	10,728	2,217	12,945
Oil royalties	307	-	307
Miscellaneous	98,267	15,398	113,665
Change in pension obligation	142,056	-	142,056
Transfers - Other governments, net	(699,067)	-	(699,067)
Transfers - Internal activity, net	(13,300)	13,300	-
Total general revenues and transfers	<u>1,284,998</u>	<u>30,915</u>	<u>1,315,913</u>
 <b>Change in net position</b>	 750,576	 50,663	 801,239
 <b>Net position-beginning</b>	 3,863,524	 2,537,313	 6,400,837
<b>Net position-ending</b>	<u><u>\$ 4,614,100</u></u>	<u><u>\$ 2,587,976</u></u>	<u><u>\$ 7,202,076</u></u>

**Town of Seiling, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

		<b>General Fund</b>
<hr/>		
<b>ASSETS</b>		
Cash	\$	716,106
Restricted cash		130,717
Investments, including time deposits		1,099,208
Restricted investments		7,813
Taxes receivable		186,839
Other receivable		2,296
Other assets		7,384
Due from other funds		2,140
Total assets	\$	<u>2,152,503</u>
<b>LIABILITIES</b>		
Accounts payable	\$	51,402
Salaries and benefits payable		29,473
Due to other funds		30,069
Accrued liabilities		445
Total liabilities		<u>111,389</u>
<b>FUND BALANCES</b>		
Committed		91,930
Assigned		8,644
Unassigned		1,940,540
Total fund balances		<u>2,041,114</u>
Total liabilities and fund balances	\$	<u><u>2,152,503</u></u>
 Total fund balance- total governmental funds		
		2,041,114
 Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.		
Land and construction in process	\$	1,281,402
Capital assets		2,824,883
Less: Accumulated depreciation	<u>(1,855,417)</u>	2,250,868
 Long-term portion of liabilities are not due and payable in the current period and are not reported		
Deferred outflows/(inflows)	\$	(256,169)
Net pension (obligation)/asset	<u>578,287</u>	<u>322,118</u>
Net position of governmental activities	\$	<u><u>4,614,100</u></u>

**Town of Seiling, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2022**

	<b>General Fund</b>
<b><u>REVENUES</u></b>	
Sales tax	\$ 1,430,753
Use tax	194,593
Beverage tax	63,711
Franchise taxes	45,780
Hotel/motel tax	13,939
Cigarette tax	11,170
Motor vehicle tax	6,703
Gas tax	1,517
Licenses and permits	2,542
Fines and forfeitures	38,493
Investment income	10,728
Charges for services	9,338
Rentals and royalties	5,232
Intergovernmental	79,428
Donations	30,225
Miscellaneous	98,266
Total revenues	<u>2,042,418</u>
<b><u>EXPENDITURES</u></b>	
Current:	
General government:	
General government	165,911
Clerical	142,951
Hospital	21,835
Total general government	<u>330,697</u>
Public safety and judiciary:	
Police	76,069
Fire	26,217
Animal control	373
Code enforcement	6
Total public safety and judiciary	<u>102,665</u>
Transportation:	
Street	74,012
Airport	433
Total transportation	<u>74,445</u>
Cultural, parks and recreation:	
Library	3,263
Park	54,398
Community Building	9,030
Swimming Pool	33,240
Total cultural, parks and recreation	<u>99,931</u>
Capital outlay	117,615
Debt service principle payments	133,332
Total expenditures	<u>858,685</u>
Excess (deficiency) of revenues over expenditures	<u>1,183,733</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>	
Transfers out other governments	(699,067)
Transfers in	705,057
Transfers out	(718,357)
Total other financing sources and uses	<u>(712,367)</u>
Net change in fund balances	471,366
Fund balances - beginning	1,569,748
Fund balances - ending	<u>\$ 2,041,114</u>

**Town of Seiling, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2022**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds \$ 471,366

Amounts reported for governmental activities in the Statement of Activities are  
different because:

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	117,615
Depreciation expense	(113,794)

The proceeds of debt issuance provide current financial resources to governmental funds, but  
issuing debt increases long term liabilities in the statement of net position. Repayment of debt  
principal is an expenditure in the governmental funds, but the repayment reduces long-term  
liabilities in the statement of net position.

Principle payment on long term debt	133,333
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In the statement of activities, the cost of pension benefits earned net of  
employee contributions are reported as a component of pension expense.

The fund financial statements report pension contributions as expenditures.	<u>142,056</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 750,576</u></u>
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**Town of Seiling, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<b>Public Works Authority</b>	<b>Economic Development Authority</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 636,152	\$ 21,028	\$ 657,180
Investments	148,279	-	148,279
Accounts receivable (net)	71,357	-	71,357
Due from other funds	30,033	-	30,033
Total current assets	<u>885,821</u>	<u>21,028</u>	<u>906,849</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	394,454	-	394,454
Investments	43,994	-	43,994
Total restricted assets	<u>438,448</u>	<u>-</u>	<u>438,448</u>
Noncurrent assets:			
Land and construction in process	173,673	-	173,673
Capital assets (net)	3,682,130	-	3,682,130
Total noncurrent assets	<u>3,855,803</u>	<u>-</u>	<u>3,855,803</u>
<b>Total assets</b>	<u>\$ 5,180,072</u>	<u>\$ 21,028</u>	<u>\$ 5,201,100</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 16,024	\$ -	\$ 16,024
Salary and benefits payable	9,885	-	9,885
Sales tax payable	470	-	470
Due to other funds	2,104	-	2,104
Total current liabilities	<u>28,483</u>	<u>-</u>	<u>28,483</u>
Liabilities payable from restricted assets:			
Accrued interest payable	27,899	-	27,899
Customer deposits payable	74,200	-	74,200
Bonds payable, current	90,000	-	90,000
Total liabilities payable from restricted assets	<u>192,099</u>	<u>-</u>	<u>192,099</u>
Noncurrent liabilities:			
Unamortized bond premium	172,542	-	172,542
Bonds payable, noncurrent	2,220,000	-	2,220,000
Total noncurrent liabilities	<u>2,392,542</u>	<u>-</u>	<u>2,392,542</u>
<b>Total liabilities</b>	<u>2,613,124</u>	<u>-</u>	<u>2,613,124</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,545,803	-	1,545,803
Restricted	336,349	-	364,248
Unrestricted	684,796	21,028	677,925
<b>Total net position</b>	<u>\$ 2,566,948</u>	<u>\$ 21,028</u>	<u>\$ 2,587,976</u>

**Town of Seiling, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<b>Public Works Authority</b>	<b>Economic Development Authority</b>	<b>Total Proprietary Funds</b>
<b><u>Operating revenues:</u></b>			
Charges for services:			
Gas charges	\$ 254,221	\$ -	\$ 254,221
Water charges	363,998	-	363,998
Sewer charges	137,234	-	137,234
Sanitation charges	299,481	-	299,481
Penalties	7,945	-	7,945
Total charges for services	<u>1,062,879</u>	<u>-</u>	<u>1,062,879</u>
Miscellaneous	15,398	27,853	43,251
Total operating revenues	<u>1,078,277</u>	<u>27,853</u>	<u>1,106,130</u>
<b><u>Operating expenses:</u></b>			
Cost of goods sold	109,203	-	109,203
Personal services	230,961	-	230,961
Materials and supplies	53,560	-	53,560
Other services and charges	337,837	12,539	350,376
Depreciation and amortization	213,642	-	213,642
Total operating expenses	<u>945,203</u>	<u>12,539</u>	<u>957,742</u>
Net operating income	133,074	15,314	148,388
<b><u>Nonoperating revenue (expense):</u></b>			
Investment income	2,213	4	2,217
Interest expense	(113,741)	-	(113,741)
Bad debt	499	-	499
Total nonoperating revenue/(expense)	<u>(111,029)</u>	<u>4</u>	<u>(111,025)</u>
<b>Net income before contributions and transfers</b>	22,045	15,318	37,363
Transfers from other funds	715,557	2,800	718,357
Transfers to other funds	<u>(705,057)</u>	<u>-</u>	<u>(705,057)</u>
<b>Change in net position</b>	32,545	18,118	50,663
Net position-beginning of year	2,534,403	2,910	2,537,313
Prior period adjustment	0	-	0
Net position-end of year	<u>\$ 2,566,948</u>	<u>\$ 21,028</u>	<u>\$ 2,587,976</u>

**Town of Seiling, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	<b>Public Works Authority</b>	<b>Economic Development Authority</b>
<b><u>Cash flows from operating activities:</u></b>		
Receipts from customers/patients	\$ 1,066,722	\$ -
Payments to suppliers	(500,788)	(12,539)
Payments to employees	(234,596)	-
Other operating revenues	15,398	27,853
<b>Net cash provided (used) by operating activities</b>	<b>346,736</b>	<b>15,314</b>
<b><u>Cash flows from non-capital financing activities:</u></b>		
Transfers from other funds	715,557	2,800
Transfers to other funds	(705,057)	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>10,500</b>	<b>2,800</b>
<b><u>Cash flows from capital and related financing activities:</u></b>		
Purchase of capital assets	(126,424)	-
Principal paid on capital debt	(85,000)	-
Interest paid on capital debt	(114,812)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(326,236)</b>	<b>-</b>
<b><u>Cash flows from investing activities:</u></b>		
Investment income	2,213	4
<b>Net cash provided (used) by investing activities</b>	<b>2,213</b>	<b>4</b>
Net increase (decrease) in cash and cash equivalents	33,213	18,118
Cash and cash equivalents, beginning of the year	1,189,666	2,910
Cash & cash equivalents, end of the year	<b>\$ 1,222,879</b>	<b>\$ 21,028</b>
Cash, including time deposits	\$ 784,431	\$ 21,028
Restricted cash, including time deposits	438,448	-
Total cash and cash equivalents, end of year	<b>\$ 1,222,879</b>	<b>\$ 21,028</b>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>		
Operating income (loss)	\$ 133,074	\$ 15,314
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	213,642	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	3,843	-
Increase (decrease) in accounts payable	(188)	-
Increase (decrease) in wages & benefits payable	(3,635)	-
Total adjustments	213,662	-
<b>Net cash provided (used) by operating activities</b>	<b>\$ 346,736</b>	<b>\$ 15,314</b>

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Town of Seiling, Oklahoma (the "Town") is incorporated under the provisions of the State of Oklahoma per Executive Department Proclamation on April 5, 1909. The Town operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: public safety (police and fire protection), street maintenance, utility (sanitation, water, sewer, and gas), culture-recreation, public improvements, and general administrative services.

***The Reporting Entity***

The Town, for financial purposes, includes all of the funds and account groups relevant to the operation of the Town of Seiling, OK. The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Unit Reported with Primary Government:**

Seiling Public Works Authority (the "Authority") – was created August 22, 1962 under provision of the Oklahoma Statutes by a Declaration of the Trust. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides gas, water, sewer, and trash services to the citizens of Seiling. Accounts of the Authority are recorded in business-type activities. Debt issued by the Authority requires two-thirds approval of the Trustees.

**Discretely Presented Component Units:**

Seiling Municipal Hospital Authority (SMHA) – SMHA is a Title 60 public trust created August 9, 1993 under the authority and pursuant to the provision of Title 60, Oklahoma State Statutes 1961, and Section 176-180. The Authority's purpose is to finance, develop, and operate the hospital and nursing center of the Town.

During the 2015 fiscal year, the Town of Seiling took over operation of the Seiling Municipal Hospital, the "Hospital". The Town of Seiling receives and remits the one cent restricted sales tax for the Hospital monthly. That restricted sales tax will continue until the debt obligations of the Hospital are retired.

For the year ended June 30, 2022, the Hospital was audited by BKD. SMHA is excluded from the Town's discretely presented component units at June 30, 2022.

Seiling Housing Authority – was created November 6, 1969 as a Title 63 trust. Upon creation the Town appointed 100% of the Seiling Housing Authority's board members.

For the year ended June 30, 2022, the Seiling Housing Authority is excluded from the Town's discretely presented component units.

Seiling Nursing Facility Authority - The Seiling Nursing Facility Authority is a Title 60 public trust created in September 2016 for the conservation and implementation of public health and geriatric care for Town.

For the year ended June 30, 2022, the Seiling Nursing Facility Authority is excluded from the Town's discretely presented component units.

**B. Basis of Presentation**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net position and statement of activities which display information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Individual funds are not displayed by the statements. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the



acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

#### ***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The Town has no fiduciary funds.

#### ***Measurement Focus and Basis of Accounting***

The financial statements of the Town are prepared in accordance with accounting principles generally accepted in the United States of America, GAAP. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

#### ***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

#### ***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

#### ***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

### **C. Fund Types and Major Funds**

#### ***Major Governmental Fund***

##### ***General Fund***

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

##### ***Major Proprietary Funds***

##### ***Seiling Public Works Authority***

The Seiling Public Works Authority (SPWA) accounts for transactions relating to utility services including gas, water, sewer, and sanitation.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The Town Clerk submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budget for Town operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Clerk and must be approved by the Board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, materials and supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council. Within these control levels, management may transfer appropriations without Board approval.

***Budget Basis of Accounting***

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities and Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

***Receivables and Uncollectible Accounts***

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. Sales and use tax are considered fully collectable. The Town has established an allowance for uncollectible customer accounts based on management's prior experience using past due amounts more than 60 to 90 days. For the year ended June 30, 2022, the allowance for uncollectable accounts is \$2,481. Management does not believe there are significant losses in excess of the allowance.

***Property, Plant and Equipment***

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-Wide Statements:***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Management established a capitalization limit of \$1,500.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Proprietary fund and similar component unit fixed assets are recorded in the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

• Buildings	25-50 years
• Other improvements	2-50 years
• Machinery, furniture & equipment	5-20 years
• Infrastructure	25-50 years

***Fund Financial Statement***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

**Equity Classifications**

***Governmental Fund Balances***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

**Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council, the Town's highest level of decision-making authority,

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

***Net Position***

Both proprietary fund financial statements and government-wide financial statements report net position. Net investment in capital assets and legally restricted amounts are separated from unrestricted net position.

**Net investment in capital assets**

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**Unrestricted net position**

This consists of net position that does not meeting the criteria of "restricted" or "net investment in capital assets".

**Deferred Outflows of Resources and Deferred Inflows of Resources**

**Deferred outflows of resources**

In addition to assets, the statement of net position will sometimes reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) therefore will not be recognized as an outflow of resources (expense) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

**Deferred inflows of resources**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s); therefore will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred charge on net pension obligations for the retirement plans of the Town. A deferred charge on pension obligations results from the net different between projected and actual earnings on pension plan investments.

**F. Revenues, Expenditures and Expenses**

**Revenues**

**Sales Tax**

The Town levied a 4% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the General Fund. Of the 4-cent sales tax, all four cents is restricted. The Town transfers one cent to the Hospital Authority for capital improvements and one cent is transferred to the Seiling Nursing Center for operations. The remaining two cents is pledged for debt service on the Seiling Public Works Authority bond obligation.

**Charges for Services**

Program revenues reported with governmental activities include charges for services like permits and fees, swimming pool fees, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds which consists largely of utility service revenues.

**Grants and Contributions**

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

**Compensated Absences**

Full –time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. Sick leave accrues to full-time employees to specified maximums. There is no payment of sick leave upon termination. Employees are entitled to a percentage of their accrued vacation leave upon termination. The estimated liabilities include required salary-related payments. Compensated absences are reported as accrued current liabilities in the government-wide and proprietary financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Net position/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The Town had no deficit fund net position or fund balances for the fiscal year.

**B. Budget Requirements**

For the year ended June 30, 2022, the Town did not materially overspend in any department-level category.

**C. Debt Restrictions and Covenants**

***Debt Service Calculation***

The revenue bonds held by the Seiling Public Works Authority contain debt covenants which are related to financial matters. The most significant of which is the Debt Service Coverage, whereby, net charges for the operation of all utility services along with the 2% restricted sales tax shall provide Net Revenues Available for Debt Service ("NRADS"). NRADS must equal 1.25 times the maximum annual debt service of the note for the Authority. At June 30, 2022, the Authority met the debt service coverage requirement.

**D. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Exercise/Commercial Vehicle Tax	Street and Alley Purposes
Sales Tax - 1%	Hospital
Sales Tax - 1%	Nursing Center
Sales Tax - 2%	Seiling Public Works Authority
Restricted Police Fee	Capital Outlay and Training of Police Dept.

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. At June 30, 2022, the Town's deposits were fully collateralized with pledged securities.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**TOWN OF SEILING, OKLAHOMA**  
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**Investments**

The Town invests in certificates of deposit. Bond sinking funds are held in U.S. treasury securities

Restricted assets consist of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Cash and cash equivalents</b>			
Municipal court cash	\$ 129,023	\$ -	\$ 129,023
Meter deposits	-	42,447	42,447
Debt service	-	299,880	299,880
Water capital improvements	-	52,127	52,127
Internal restriction	1,694	-	1,694
<b>Total cash and cash equivalent:</b>	<b>130,717</b>	<b>394,454</b>	<b>525,171</b>
<b>Investments</b>			
Meter deposit CD	-	43,994	43,994
Library CD	7,813	-	7,813
<b>Total investments</b>	<b>7,813</b>	<b>43,994</b>	<b>51,807</b>
<b>Total restricted assets</b>	<b>\$ 138,530</b>	<b>\$ 438,448</b>	<b>\$ 576,978</b>

**B. PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2022 follows:

	<b>Balance at July 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2022</b>
Land	\$ 1,218,707	\$ 62,695	\$ -	\$ 1,281,402
Buildings & structures	355,363	-	-	355,363
Machinery, furniture, & equipment	1,423,096	26,652	-	1,449,748
Improvements other than land	991,504	28,268	-	1,019,772
<b>Total</b>	<b>3,988,670</b>	<b>117,615</b>	<b>-</b>	<b>4,106,285</b>
<b>Less accumulated depreciation</b>	<b>1,741,623</b>	<b>113,794</b>	<b>-</b>	<b>1,855,417</b>
<b>Fixed assets, net</b>	<b>\$ 2,247,047</b>	<b>\$ 3,821</b>	<b>\$ -</b>	<b>\$ 2,250,868</b>

**TOWN OF SEILING, OKLAHOMA**  
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**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2022 follows:

	Balance at July 1, 2021*	Additions	Deletions	Balance at June 30, 2022
<b>Seiling Public Works Authority</b>				
Land	\$ 54,608	\$ -	\$ -	\$ 54,608
Construction in process	31,160	119,065	31,160	119,065
Buildings	177,285	-	-	177,285
Machinery, furniture, & equipment	595,695	13,359	-	609,054
Utility property and improvements	6,400,988	-	-	6,400,988
<b>Total</b>	<b>7,259,736</b>	<b>132,424</b>	<b>31,160</b>	<b>7,361,000</b>
Less accumulated depreciation	3,291,555	213,642	-	3,505,197
<b>Fixed assets, net</b>	<b>\$ 3,968,181</b>	<b>\$ (81,218)</b>	<b>\$ (31,160)</b>	<b>\$ 3,855,803</b>

\* Restated

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 33,025
Public safety & judiciary	3,338
Transportation	51,914
Cultural, parks & recreation	25,517
<b>Total governmental activities depreciation expense</b>	<b>\$ 113,794</b>

Depreciation expense charges to business-type activities:

Gas	\$ 10,120
Water	141,416
Sewer	61,527
Administration	579
<b>Total business-type activities depreciation expense</b>	<b>\$ 213,642</b>

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2022

**BONDS PAYABLE**

**Business-Type Activities:**

SPWA Series 2013 Promissory Note to OWRB in the amount of \$2,895,000 is dated April 2013 to refund the Utility System Revenue Bonds, Series 2000 and provide funding for infrastructure improvements, note matures September 2038 with interest rates ranging from 2.4% to 5.4%. Underwriting fees and issuance costs were approximately \$96,375. Payments are made monthly to a debt service sinking fund. Funds were used to retire existing debt of the SPWA and construct capital assets.

\$ 2,310,000

\$ 2,310,000

**TOWN OF SEILING, OKLAHOMA**  
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**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

<u>Type of Debt</u>	<u>Balance at July 1, 2021</u>	<u>Amount Issued</u>	<u>Amount Retired</u>	<u>Balance at June 30, 2022</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
<i>Notes Payable</i>					
Land purchase	\$ 133,333	\$ -	\$ 133,333	\$ -	\$ -
	133,333	-	133,333	-	-
<b>Business-type activities:</b>					
<i>Bonds Payable</i>					
2013 Series Revenue Bonds	2,395,000	-	85,000	2,310,000	90,000
Total business-type activities	<u>\$ 2,395,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 2,310,000</u>	<u>\$ 90,000</u>

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022 follow:

<u>Year Ending June 30</u>	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	90,000	109,166
2024	95,000	104,658
2025	95,000	100,016
2026	105,000	94,616
2027	110,000	88,811
2028-2032	630,000	347,396
2033-2037	810,000	164,187
2038-2039	375,000	15,194
Totals	<u>\$ 2,310,000</u>	<u>\$ 1,024,044</u>



**D. INTERFUND TRANSACTIONS AND BALANCES**

Operating transfers for the year ended June 30, 2022 were as follows:

<u>Due To/Due From</u>	<u>Receivable</u>	<u>Payable</u>
GOVERNMENTAL FUND: General Fund		
Public Works Authority	\$ 27,929	\$ -
ENTERPRISE FUND: Public Works Authority		
General Fund	-	27,929
 Grand Total	<u>\$ 27,929</u>	<u>\$ 27,929</u>

<u>Transfer In/Transfer Out</u>	<u>In</u>	<u>Out</u>
GOVERNMENTAL FUND: General Fund		
Public Works Authority (Enterprise Fund)	\$ 705,057	\$ 715,557
Economic Development Authority	-	2,800
ENTERPRISE FUND: Public Works Authority		
General Fund	715,557	705,057
Economic Development Authority	-	-
ENTERPRISE FUND: Economic Development Authority		
General Fund	2,800	-
	<u>1,423,414</u>	<u>1,423,414</u>
 Grand Total	<u>2,846,828</u>	<u>2,846,828</u>
	<u>\$ 2,846,828</u>	<u>\$ 2,846,828</u>

\*\* excluding other governmental entities

**(4) RETIREMENT PLANS**

The Town participates in two employee retirement systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**A. Oklahoma Municipal Retirement Fund**

**Plan Description**

Substantially all of the Town's full-time employees, except firefighters, participate in a defined benefit pension plan adopted by the Town and administered by the Oklahoma Municipal Retirement System, which was established to administer pension plans for municipal employees. All full-time employees of the Town or Authority, except for firefighters and any employee covered by another retirement system, are eligible to participate. The Town has no probationary period for participation. Contributions are actuarially determined. For the year ended June 30, 2022, contribution rates were 4.9% and 0% for employees and employers, respectively.

For the year ended June 30, 2022, the following amounts related to the defined contribution plan:

Payroll for covered employees	233,717
Employer (Town) contributions made	9,088

*Plan Description* – The Town contributes to the OkMRF for all eligible employees except for those covered by the Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: [www.okmrf.org/reports.html](http://www.okmrf.org/reports.html). Benefits are established or amended by the Town Council in accordance with O.S. Title 11, Section 48-101-102.

*Summary of Significant Accounting Policies* – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's plan and additions to/deductions from the Town's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

**TOWN OF SEILING, OKLAHOMA**  
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Eligibility Factors and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, employees of the Town or Authority, except firefighters and other employees who are covered under another approved system. The Plan has a 3 month probationary period.
b. Contributions Requirement	
- Authorization	By Town Ordinance
- Actuarially Determined	4.9% of covered payroll for FY22
- Employer Rate	0% of covered payroll
- Employee Rate	4.9% of covered payroll
c. Period Required to Vest	5 years of vesting service
d. Eligibility for Distribution	<ul style="list-style-type: none"> <li>- Normal retirement at age 65 with 5 years of vesting service.</li> <li>- Early Retirement after age 55 with 5 years or more of vesting.</li> <li>- Disability retirement upon total and permanent disability with 5 years of service.</li> <li>- Death benefits with 5 years of vesting service, if married, 50% of accrued benefit payable to spouse until death or remarriage, if single, 50% of the accrued benefit is payable for 10 years certain.</li> </ul>
e. Benefit Determination Base	Final average salary – the average of the five highest consecutive annual salaries out of the last 10 years of service.
f. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average compensation multiplied by the number of years of credited service.
- Early Retirement	Payable starting at normal retirement or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.
- Disability Retirement	Payable upon disablement without reduction for early payment
- Death Benefit	50% of employee's accrued benefit, see above
- Prior to 10 Years Service	Return of employee contributions with accrued interest.
g. Form of Benefit Payments	Normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain. Other retirement benefits are available under actuarially equivalent optional forms.

Employees Covered by Benefit Terms

Active Employees	6
Retirees or Retiree Beneficiaries	4
Total	10

Contribution Requirements

The Town Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 4.9% of covered payroll. Employees contribute a fixed 4.9% to the plan in accordance with the plan provisions adopted by the Town Council.

Actuarial Assumptions

**TOWN OF SEILING, OKLAHOMA**  
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a. Date of last Actuarial Valuation	March 2022
b. Significant Actuarial Assumptions Used:	
1. Rate of Return on Investments	7.5% per annum
2. Pay increases	Rates by age
3. Retirement Age	Rates by age
4. Mortality Table	UP 1994 mortality (projected)
5. Asset Value	Actuarial method
c. Actuarial cost method	Entry age normal

**Discount Rate** – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.75% since the plan's net fiduciary position is projected to be sufficient to make projected benefit payments.

The Town has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2021 are summarized in the following table:

	Target Allocation	Real Return	Weighted Return
Large Cap Stocks - S&P 500	25%	5.80%	1.45%
Small/Mid Cap Stocks - Russell 2500	10%	6.40%	0.64%
Long/Short Equity - MSCI A CWI	10%	5.00%	0.50%
International Stocks - MSCI EA FE	20%	6.20%	1.24%
Fixed Income Bonds - Barclay's Capital Aggregate	30%	2.30%	0.69%
Real Estate - NCREIF	5%	4.60%	0.23%
Cash Equivalents - 3 Month Treasury	0%	0.00%	0.00%
	100%		
Average Real Return			4.75%
Inflation			2.75%
Long Term Expected Return			7.50%

**Changes in Net Pension Liability** – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2021 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2021 and the Town's report ending date of June 30, 2022, that would have had a significant impact on the net pension liability.

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability of the Town, calculated using the discount rate of 7.5 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

**TOWN OF SEILING, OKLAHOMA**  
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	<b>1% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1% Increase (8.5%)</b>
City's proportionate share of the net pension liability/(asset)	\$ (504,620)	\$ (600,876)	\$ (680,350)

The Town reported \$112.397 in pension expense for the year ended June 30, 2022. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 220	\$ 117,978
Changes of assumptions	5,829	-
Net difference between projected and actual earnings on pension plan investments	21,936	167,064
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	10,171	-
<b>Total</b>	<b>\$ 38,156</b>	<b>\$ 285,042</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2022	\$ (94,216)
2023	(75,087)
2024	(42,569)
2025	(45,185)
2026	-

**B. Oklahoma Firefighter's Pension and Retirement Systems**

Plan Description – The Town of Seiling, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/fprs](http://www.ok.gov/fprs).

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of

**TOWN OF SEILING, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

**Contributions** – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the Town were \$1,380 (fiscal year contributions).

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2022, the Town reported a liability of \$22,589 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The Town's proportion of the net pension liability was based on the Town's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2021. Based upon this information the Town's proportion was 0.003430%.

For the year ended June 30, 2022, the Town recognized pension expense of \$1,958. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Difference between expected and actual experience	\$ 8,193	\$ 397
Changes of assumptions	-	501
Net difference between projected and actual earnings on pension plan investments	2,221	20,179
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	1,380	-
<b>Total</b>	<u><u><b>\$ 11,794</b></u></u>	<u><u><b>\$ 21,077</b></u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>		
2022	\$	(1,668)
2023		(2,115)
2024		(2,625)
2025		(4,255)
2023		-

**Actuarial Assumptions** – The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

**TOWN OF SEILING, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real Estate	10%	7.76%
Other assets	13%	6.88%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability/(asset)	\$ 35,300	\$ 22,589	\$ 11,947

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at [www.ok.gov/fprs](http://www.ok.gov/fprs).

**(5) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Town is party to various legal proceedings, which normally occur in the course of governmental operations. These proceedings are not likely to have a material adverse impact on the funds of the Town.

**B. Grant Program Involvement**

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**Town of Seiling, Oklahoma**  
**General Fund**  
**Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

	<b>Original Budget</b>	<b>Revisions</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>REVENUES</b>					
Sales tax	\$ 860,955	\$ 390,000	\$ 1,250,955	\$ 1,430,753	\$ 179,798
Use tax	95,218	60,000	155,218	194,593	39,375
Franchise taxes	39,597	-	39,597	45,780	6,183
Fines and forfeitures	23,000	14,500	37,500	38,493	993
Licenses and permits	1,500	500	2,000	2,542	542
Investment income	18,000	(8,000)	10,000	10,728	728
Charges for services	6,750	4,250	11,000	9,338	(1,662)
Intergovernmental	66,472	3,263	69,735	176,468	106,733
Miscellaneous	88,766	63,700	152,466	133,723	(18,743)
Total revenues before carryover	<u>1,200,258</u>	<u>528,213</u>	<u>1,728,471</u>	<u>2,042,418</u>	<u>313,947</u>
<b>EXPENDITURES</b>					
Current:					
General government:					
General government	340,319	(7,405)	332,914	321,078	11,836
Clerk	140,518	8,000	148,518	142,951	5,567
Total general government	<u>480,837</u>	<u>595</u>	<u>481,432</u>	<u>464,029</u>	<u>17,403</u>
Public safety and judiciary:					
Police	74,000	4,500	78,500	76,069	2,431
Fire	34,426	500	34,926	32,232	2,694
Animal control	800	-	800	373	427
Code enforcement	10,050	(5,000)	5,050	6	5,044
Total public safety and judiciary	<u>119,276</u>	<u>-</u>	<u>119,276</u>	<u>108,680</u>	<u>10,596</u>
Transportation:					
Street	146,500	(41,000)	105,500	94,704	10,796
Airport	1,000	-	1,000	433	567
Total transportation	<u>147,500</u>	<u>(41,000)</u>	<u>106,500</u>	<u>95,137</u>	<u>11,363</u>
Cultural, parks and recreation:					
Library	2,250	13,500	15,750	14,568	1,182
Park	57,083	77,000	134,083	134,001	82
Community Building	5,800	7,000	12,800	9,030	3,770
Swimming Pool	39,489	15,000	54,489	33,240	21,249
Total cultural, parks and recreation	<u>104,622</u>	<u>112,500</u>	<u>217,122</u>	<u>190,839</u>	<u>26,283</u>
Total expenditures	<u>852,235</u>	<u>72,095</u>	<u>924,330</u>	<u>858,685</u>	<u>65,645</u>
Revenue over (under) expenditures	348,023	456,118	804,141	1,183,733	379,592
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	(430,478)	(199,300)	(629,778)	(712,367)	(82,589)
Net other financing sources (uses)	<u>(430,478)</u>	<u>(199,300)</u>	<u>(629,778)</u>	<u>(712,367)</u>	<u>(82,589)</u>
Revenues and other financing sources over (under) expenditures and other uses	(82,455)	256,818	174,363	471,366	297,003
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>2,273,310</u>	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 2,744,676	
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				\$ (703,562)	
Fund balance at end of year (GAAP basis)				<u>\$ 2,041,114</u>	

(1) Budgets include fund balances carried over from prior years. It is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes.



**Schedules of Required Supplementary Information**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Oklahoma Fire Pension Retirement Plan**  
Year Ended June 30, 2022

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Town's portion of the net pension liability (asset)	0.0035%	0.0031%	0.0035%	0.0030%	0.0035%	0.0003%	0.0614%	0.0034%
Town's proportionate share of the net pension liability (asset)	\$ 36,319	\$ 33,298	\$ 43,052	\$ 37,928	\$ 38,928	\$ 2,929	\$ 75,660	\$ 22,589
Town's covered-employee payroll	\$ 4,526	\$ 5,907	\$ 4,968	\$ 7,084	\$ 5,988	\$ 5,841	\$ -	\$ -
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	802%	564%	867%	535%	650%	50%	#DIV/0!	#DIV/0!
Plan fiduciary net position as a percentage of the total pension liability	71.85%	74.19%	66.63%	70.60%	69.83%	97.73%	41.36%	82.49%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF TOWN'S CONTRIBUTIONS**  
**Oklahoma Fire Pension Retirement Plan**

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>	<u>2021*</u>	<u>2022*</u>
Contractually required contribution	\$ 1,320	\$ 1,200	\$ 1,380	\$ 1,440	\$ 1,320	\$ 1,320	\$ 1,560	\$ 1,380
Contributions in relation to the contractually required contribution	(1,320)	(1,200)	(1,380)	(1,440)	(1,320)	(1,320)	(1,560)	(1,380)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 4,526	\$ 5,907	\$ 4,968	\$ 7,084	\$ 5,988	\$ 5,841	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	29.16%	20.31%	27.78%	20.33%	22.04%	22.60%	#DIV/0!	#DIV/0!

Schedules of Required Supplementary Information

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

Oklahoma Municipal Retirement Plan  
SINCE INITIAL APPLICATION

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
<b>Total pension liability</b>								
Service cost	\$ 27,200	\$ 32,045	\$ 39,263	\$ 32,819	\$ 34,139	\$ 27,609	\$ 22,524	\$ 20,003
Interest	46,917	47,607	49,043	50,940	55,304	57,484	60,442	51,670
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(24,886)	(30,892)	6,018	(18,692)	(21,671)	(178,774)	(33,152)
Changes in assumptions	-	-	-	22,453	-	15,815	-	-
Benefit payments, including refunds of employee contributions	(38,093)	(37,957)	(34,440)	(31,365)	(32,927)	(50,752)	(28,445)	(13,578)
<b>Net change in total pension liability</b>	<b>\$ 36,024</b>	<b>\$ 16,809</b>	<b>\$ 22,974</b>	<b>\$ 80,865</b>	<b>\$ 37,824</b>	<b>\$ 28,485</b>	<b>\$ (124,253)</b>	<b>\$ 24,943</b>
<b>Total pension liability - beginning</b>	<b>596,878</b>	<b>632,902</b>	<b>649,711</b>	<b>672,685</b>	<b>753,550</b>	<b>791,374</b>	<b>819,859</b>	<b>695,606</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 632,902</b>	<b>\$ 649,711</b>	<b>\$ 672,685</b>	<b>\$ 753,550</b>	<b>\$ 791,374</b>	<b>\$ 819,859</b>	<b>\$ 695,606</b>	<b>\$ 720,549</b>
<b>Plan fiduciary net position</b>								
Contributions - employer	18,328	20,969	10,565	13,660	11,620	11,313	10,887	9,088
Contributions - employee	14,011	16,029	14,962	16,651	14,164	13,789	13,270	11,078
Net investment income	111,864	22,189	7,088	99,411	66,518	65,996	41,288	286,294
Benefit payments, including refunds of employee contributions	(38,093)	(37,957)	(34,440)	(31,365)	(32,927)	(50,752)	(28,445)	(13,578)
Administrative expense	(1,655)	(1,640)	(1,589)	(1,740)	(1,867)	(1,976)	(2,066)	(2,119)
Other	-	-	-	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>104,455</b>	<b>19,590</b>	<b>(3,414)</b>	<b>96,617</b>	<b>57,508</b>	<b>38,370</b>	<b>34,934</b>	<b>290,763</b>
<b>Plan fiduciary net position - beginning</b>	<b>682,602</b>	<b>787,057</b>	<b>806,647</b>	<b>803,233</b>	<b>899,850</b>	<b>957,358</b>	<b>995,728</b>	<b>1,030,662</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 787,057</b>	<b>\$ 806,647</b>	<b>\$ 803,233</b>	<b>\$ 899,850</b>	<b>\$ 957,358</b>	<b>\$ 995,728</b>	<b>\$ 1,030,662</b>	<b>\$ 1,321,425</b>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (154,155)</b>	<b>\$ (156,936)</b>	<b>\$ (130,548)</b>	<b>\$ (146,300)</b>	<b>\$ (165,984)</b>	<b>\$ (175,869)</b>	<b>\$ (335,056)</b>	<b>\$ (600,876)</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>124.36%</b>	<b>124.15%</b>	<b>119.41%</b>	<b>119.41%</b>	<b>120.97%</b>	<b>121.45%</b>	<b>148.17%</b>	<b>183.39%</b>
<b>Covered-employee payroll</b>	<b>\$ 290,265</b>	<b>\$ 312,860</b>	<b>\$ 325,759</b>	<b>\$ 339,809</b>	<b>\$ 281,526</b>	<b>\$ 248,304</b>	<b>\$ 198,813</b>	<b>\$ 233,717</b>
<b>Town's net pension liability as a percentage of covered-employee payroll</b>	<b>-53.11%</b>	<b>-50.16%</b>	<b>-40.08%</b>	<b>-43.05%</b>	<b>-58.96%</b>	<b>-70.83%</b>	<b>-168.53%</b>	<b>-257.10%</b>

**Schedules of Required Supplementary Information**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Oklahoma Municipal Retirement Plan**

Year Ended June 30, 2022

	<b>2015*</b>	<b>2016*</b>	<b>2017*</b>	<b>2018*</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>	<b>2022*</b>
Town's portion of the net pension liability (asset)	-0.0325%	-0.0321%	-0.0321%	-0.0299%	0.0299%	0.0340%	-0.0686%	-0.1231%
Town's proportionate share of the net pension liability (asset)	\$ (154,155)	\$ (156,936)	\$ (130,548)	\$ (146,300)	\$ (165,984)	\$ (175,869)	\$ (335,056)	\$ (600,876)
Town's covered-employee payroll	\$ 290,265	\$ 312,860	\$ 325,759	\$ 339,809	\$ 281,526	\$ 248,304	\$ 198,813	\$ 233,717
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-53.11%	-50.16%	-40.08%	-43.05%	-58.96%	-70.83%	-168.53%	-257.10%
Plan fiduciary net position as a percentage of the total pension liability	118.12%	118.45%	115.35%	117.20%	119.51%	120.67%	139.39%	170.64%

\* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

**SCHEDULE OF TOWN CONTRIBUTIONS**

**Oklahoma Municipal Retirement Plan**

	<b>2015*</b>	<b>2016*</b>	<b>2017*</b>	<b>2018*</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>	<b>2022*</b>
Actuarially determined contribution	\$ 18,328	\$ 26,155	\$ 27,233	\$ 26,845	\$ 22,630	\$ 23,473	\$ 23,370	\$ 10,171
Contributions in relation to the actuarially determined contribution	(18,328)	(26,155)	(25,527)	(26,845)	(22,630)	(23,473)	(23,370)	(10,171)
Contribution deficiency (excess)	\$ -	\$ -	\$ 1,706	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 290,265	\$ 312,860	\$ 325,759	\$ 339,809	\$ 281,526	\$ 248,304	\$ 198,813	\$ 233,717
Contributions as a percentage of covered-employee payroll	6.31%	8.36%	8.36%	7.90%	8.04%	9.45%	11.75%	4.35%

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Council  
Town of Seiling, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Seiling, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Seiling, Oklahoma's basic financial statements, and have issued our report thereon dated March 10, 2023. The financial statements of Seiling Housing Authority, Seiling Municipal Hospital Authority, and Seiling Nursing Facility Authority were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with Seiling Housing Authority, Seiling Municipal Hospital Authority, and Seiling Nursing Facility Authority.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Seiling, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Seiling, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Seiling, Oklahoma's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

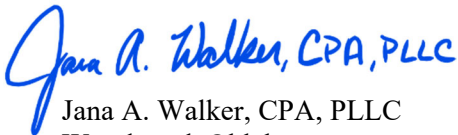
In connection with our engagement to audit the financial statements of Town of Seiling, Oklahoma, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-001. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

## **Town of Seiling, Oklahoma's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Seiling, Oklahoma's response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. Town of Seiling, Oklahoma's response was not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jana A. Walker, CPA, PLLC  
Woodward, Oklahoma  
March 10, 2023

**Town of Seiling, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2022**

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**FINDING 2022-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the Town shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Late filing of prior year audits.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection subsequent to year end.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit.

Current Status: The audit was completed prior to 150 days after year end.

**Town of Seiling, Oklahoma**  
**Schedule of Prior Year Findings and Responses**  
**Year Ended June 30, 2022**

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**FINDING 2021-001 Lack of Timely Filed Audit**

Condition: Audit report issued after allotted 150 days from year end.

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the Town shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year.

Cause: Late filing of prior year audits.

Effect or Potential Effect: Debt covenant violation.

Recommendation: Ensure records are available for inspection subsequent to year end.

Response: Management will make arrangements to have their records inspected quicker after year end to ensure the timely completion of an audit.

Current Status: The audit was completed prior to 150 days after year end.